

Message Text

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ORIGIN ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 USIA-06
HA-05 EB-08 AID-05 IO-13 STR-07 COME-00 FRB-03
TRSE-00 OMB-01 XMB-02 EUR-12 EA-10 OIC-02 /131 R

DRAFTED BY ARA/ECA:RCGRAHAM:RC
APPROVED BY ARA:JBUSHNELL--
D:SOXMAN (DRAFT)
HA:MBOVA (DRAFT)
EB/IFD/ODF:FNASH (DRAFT)
ARA/ECP:RWZIMMERMAN
-----002021 160542Z /17
P 160319Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY ASUNCION PRIORITY

C O N F I D E N T I A L STATE 067611

E.O. 11652: GDS

TAGS: SHUM, EFIN , PA

SUBJECT: GOP SWITCHING TRANS-CHACO AND ANDE LOAN
APPLICATIONS TO OC FINANCING

1. WE ARE ADVISED BY THE IDB THAT THE GOP HAS REQUESTED THAT THE \$12.8 MILLION TRANS-CHACO AND \$35 MILLION ANDE ELECTRICAL TRANSMISSION LOANS BE SWITCHED TO ORDINARY CAPITAL FINANCING AND MOVED PROMPTLY TO THE IDB BOARD FOR CONSIDERATION. WE UNDERSTAND THE TRANS-CHACO ROAD LOAN WILL BE DISCUSSED BY THE BOARD ON MARCH 23 AND BROUGHT UP FOR A VOTE ON MARCH 30. THE ANDE IS EXPECTED TO FOLLOW ONE WEEK LATER.

2. BEGIN FYI. WE ARE EXPLORING THE POSSIBILITY OF
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OBTAINING THE SUPPORT OF OTHER IDB MEMBER COUNTRIES IN OPPOSING THIS LOAN WITH THE EXPECTATION THAT ADDITIONAL OPPOSITION MAY CONVINCE THE GOP TO CONTINUE TO POSTPONE BRINGING THE LOAN FORWARD UNTIL HUMAN RIGHTS PRACTICES HAVE IMPROVED. WE ARE CONCERNED THAT FURTHER INEFFECTIVE NEGATIVE VOTES BY THE U.S. IN THE IFIS COULD AFFECT THE REPLENISHMENT PROCESS.

3. OUR SUCCESS IN GAINING SUFFICIENT SUPPORT FROM OTHER COUNTRIES TO BLOCK THE LOAN APPROVALS WILL DEPEND TO

A LARGE EXTENT ON CONVINCING OTHER GOVERNMENTS TO JOIN OUR VOTE. THE MOST LIKELY CANDIDATES ARE THE CANADIANS, EUROPEAN, JAPANESE AND VENEZUELA. YOU WILL BE KEPT INFORMED OF OUR APPROACH TO THE CANADIAN GOVERNMENT SO THAT YOU MAY COORDINATE OUR EFFORT WITH THE CANADIAN AMBASSADOR IN ASUNCION.

4. A FULLY BLOCKING EFFORT WILL REQUIRE THE EQUIVALENT OF THIS JOINT VOTING STRENGTH.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: HUMAN RIGHTS, DEVELOPMENT LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE067611
Document Source: CORE
Document Unique ID: 00
Drafter: RCGRAHAM:RC
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780116-0763
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780359/aaaabxqy.tel
Line Count: 77
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 87daa1c5-c288-dd11-92da-001cc4696bcc
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 20 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3302512
Secure: OPEN
Status: NATIVE
Subject: GOP SWITCHING TRANS-CHACO AND ANDE LOAN APPLICATIONS TO OC FINANCING
TAGS: SHUM, EFIN, PA, IDB
To: ASUNCION
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/87daa1c5-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014